

# CAB Approves Loan For Bonanza F-27s

**Washington**—Civil Aeronautics Board guaranteed a \$1,125,000 Bonanza Air Lines loan last week for the purchase of two Fairchild F-27 turboprop transports.

However, the Board criticized a prepayment penalty included in the loan agreement between Bonanza and the Girard Trust Corn Exchange Bank of Philadelphia. The loan is to be repaid in 10 years at an interest rate of 6% annually. The loan is to be secured by a first mortgage on the purchased F-27s, which cost a total of \$1,475,305.

The CAB criticized loan terms which "severely" restrict Bonanza from paying the loan ahead of schedule and said that in the future it will require " . . . that restrictions against prepayment be limited to a reasonable prepayment penalty."